

**00546**

1981/04/10



~~CONFIDENTIAL/NOPORN~~

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON D.C. 20301

April 10, 1981

MEMORANDUM FOR B. C. EVANS  
EXECUTIVE SECRETARY  
CENTRAL INTELLIGENCE AGENCY

SUBJECT: Potential Munitions and Commodity Export Cases  
with China.

As part of the ongoing review of U.S. policy with respect to China, DoD has been working with other government agencies to identify various categories of defense-related equipments which are under consideration for provision to China. (G/NF)

It is requested that the appropriate personnel at the Agency review this draft package and provide us comments on:

- a. Chinese need for materials described herein;
- b. the ability of the Chinese to pay for and/or use these materials; and
- c. expected Soviet reaction if the U.S. were to provide any or all of these items.

Any other comments you feel are germane to the general subject of such a relationship with the Chinese would also be appreciated. (G/NF)

A response by 1 May would be appreciated (if that is not reasonable, please let me know). (U)

H. Rixse  
The Special Assistant

Attachment

DECLASSIFIED BY AUTHORITY OF  
CIA

21 APR 1981 93-012441  
DATE CASE #

~~CONFIDENTIAL/NOPORN~~

Spec Asst  
9 APR 1981

X13803  
SEC DEF CONTR NO.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

DATE 12-10-2018 BY SP/RS

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 12-10-2018 BY SP/RS

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DATE 12-10-2018 BY SP/RS

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Number	Code	Description	Comments
1	1	Revised version of the original document. This version contains significant changes from the original. It includes new sections and subsections, as well as revisions to existing sections. The changes are clearly marked with bold text and underlines.	Revised version of the original document. This version contains significant changes from the original. It includes new sections and subsections, as well as revisions to existing sections. The changes are clearly marked with bold text and underlines.
2	2	Second revised version of the document. It includes further revisions and clarifications to the content. <td>Second revised version of the document. It includes further revisions and clarifications to the content.</td>	Second revised version of the document. It includes further revisions and clarifications to the content.
3	3	Third revised version of the document. It includes final revisions and clarifications to the content. <td>Third revised version of the document. It includes final revisions and clarifications to the content.</td>	Third revised version of the document. It includes final revisions and clarifications to the content.
4	4	Final version of the document. It is the most recent and complete version of the document. <td>Final version of the document. It is the most recent and complete version of the document.</td>	Final version of the document. It is the most recent and complete version of the document.

**Report of Technical Data for Anti-Tank Munition Test License**

Case No.	Date	Owner	Description	Current Right of Disposition	Current Status	Current Status of Disposition
10134	1 Apr 60	Proprietary, Inc.	Ref/Spec No. 41, Ref/Spec 41, Ref/Spec 51A	Closed - No objection	Air Force	Planned
10136	4 Apr 60	Lithia Systems, Inc.	LTV-SI/TIA System Test Station	Closed - No objection	US Army	Planned
10137	5 Apr 60	Proprietary, Inc.	Ref/Spec Countermeasures, "B" Model decoy carriage, etc.	Closed - No objection	US Army	Planned
10141	10 Apr 60	Lockheed Aircraft Corp.	ER-7A/B/Bon for cargo and troops	Closed - No objection	US Army	Planned
10142	10 Apr 60	Quality Tire & Rubber Co.	Carrier C-130	Closed - No objection	US Army	Planned
10143	10 Apr 60	Quality Tire & Rubber Co.	Terrain Imaging Radar System for Batch Recovery Guiding	Closed - Withdrawn by AFMILRES	US Army	Planned
10144	10 Apr 60	Proprietary	Squad Helicopter	Closed - No objection	US Army	Planned
10145	10 Apr 60	Ref/Spec	Tercom Gun I.	Closed - Withdrawn by AFMILRES	US Army	Planned
10146	10 Apr 60	Ref/Spec	40mm Int Gun/Int Mortar	Closed - Withdrawn by AFMILRES	US Army	Planned
10150	12 Apr 60	Proprietary	Aircraft & Helicopter Maintenance Manuals	Closed - Withdrawn by AFMILRES	US Army	Planned
10154	12 Apr 60	Proprietary	20mm Gun Gun Mnt	Closed - Withdrawn by AFMILRES	US Army	Planned

EFFECT OF TRAILING EDGE ON FLOW FIELD (NO. 12500) CASE

Case No.	Date	Comment	Description	Comments from Previous Experiment	Comments from Present Experiment
107713	20 May 60	General Remarks	Ground Surveillance Radar	Closed - no observation	Open - no observation
107714	20 May 60	Surveillance Radar	MILITARY PROTECTION RADAR	Closed - no observation	Open - no observation
107715	20 May 60	Surveillance Radar	ONLINE MILITARY VELOCITY RADAR	Closed - no observation	Open - no observation
107716	20 May 60	Surveillance Radar	ONLINE DATA FOR AIRBORNE RIA/0	Closed - no observation	Open - no observation
107717	20 May 60	Surveillance Radar	ONLINE TRANSMIABLE AIR SURVEILLANCE RADAR SYSTEM	Closed - no observation	Open - no observation
107718	20 May 60	ONLINE (Optional)	ONBOARD PROTECTION AUTOMATED TRACKING SYSTEM	Closed - no observation	Open - no observation
107719	20 May 60	Surveillance Radar	ONBOARD DATA FROM 74 AND 116 (TRANSMITTERS)	Closed - no observation	Open - no observation
111164	12 Jun 60	Surveillance Radar	ONBOARD DATA TRANSMISSION AUTOMATED AIRBORNE CONTROL SYSTEM	Closed - no observation	Open - no observation
111165	12 Jun 60	Surveillance Radar	ONBOARD DATA TRANSMISSION FLIGHT COMPUTER	Closed - no observation	Open - no observation
111166	12 Jun 60	Surveillance Radar	ONBOARD DATA TRANSMISSION OF RADAR AND RIC-12	Closed - no observation	Open - no observation
111167	12 Jun 60	Surveillance Radar	ONBOARD DATA TRANSMISSION ONBOARD SURVEILLANCE RADAR	Closed - no observation	Open - no observation
111168	12 Jun 60	Surveillance Radar	ONBOARD SURVEILLANCE RADAR	Closed - no observation	Open - no observation

PROBLEMS

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Case No.	Date	Complaint	Description	Findings	Final Disposition
111942	7 Jun 61	Emergency	From frequent calls from one customer - the complainant	Closed - no objection	Pending
111970	7 Jun 61	Emergency	CAT products information	Closed - no objection	Pending
111972	7 Jun 61	Emergency	S-TC Standard Supplies	Closed - no objection	Pending
111989	7 Jun 61	Emergency	Standard - S-TC Camera	Closed - no objection	Pending
111990	7 Jun 61	Emergency	STD AL Automatic Alarms	Closed - withdrawn by customer	None - no objection
112122	20 June 61	Commercial business	On December 1960, I have had S-TC-L Long Range Photo Envelope Customer System	Closed - no objection	Pending
112170	20 June 61	Emergency	Some lot Standard Supplies	Closed - withdrawn by customer	Pending
112174	1 June 61	Emergency	STD Lightweights Display Designation System	Open - under review	Pending
112407	1 June 61	Emergency	Tech Data - Alabama Bell Supply Fidelity Systems	Open - under review	Pending
112408	1 June 61	Emergency	Statement of Qualifications of Tech Data Company - under review	Open - under review	Pending
112409	11 June 61	Commercial business	No complaint of the development of auto- mated long distance systems	Open - under review	Pending
112410	11 June 61	Commercial business	Information - Ad-Op-A-111 (1961)	Open - under review	Pending
112411	11 June 61	Commercial business	Comments CITATION from the Director	Closed - no objection	Pending

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(1) PRELIMINARY STATEMENT OF DEFECTS AND SUGGESTIONS FOR CORRECTION

Defect No.	Date	Description	Category	Comments
P-1154/AEC-154 UHF Panel Terminals Radio, Ch-6158 VHF Panel Terminals Radio, PTC-155/AEC-154 UHF Antenna Holders	20 May 60	Defective	General/Disposition	Closed - No Objection
Antennas Radio, Ch-6158/PAC-68 Test Box Battery Charger - For Aircraft-Condition Batteries, and Technical Manuals	21 May 60	Defective	General/Disposition	Closed - No Objection
Antenna - All Vacuum Navigation Box	21 May 60	Defective	General/Disposition	Closed - No Objection
Lightweight Ground Terminal - Ground Terminal	21 May 60	Defective	General/Disposition	Closed - No Objection
Interactive Display Terminal (I.D.T.)	21 May 60	Defective	General/Disposition	Closed - No Objection
RF Amplifiers	21 May 60	Defective	General/Disposition	Closed - No Objection
Test-1000 Power Supply	21 May 60	Defective	General/Disposition	Closed - No Objection
Controlled Ray Gun (C.R.G.)	21 May 60	Defective	General/Disposition	Closed - No Objection
Diagnosing System	22 May 60	Defective	General/Disposition	Closed - No Objection
Night Vision Devices	22 May 60	Defective	General/Disposition	Closed - No Objection
	P-10117	None	General/Disposition	20 Jul 60

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Case No.	Date	Subject	Company	Description	Customer/Team Brand/Business	Location	Condition
Y-18531	22 Aug 80	air General Corp.	Turca, 1/4 Ton, mms. 100mm	Closed - The Objective	Open	24 Nov 80	Completed
Y-18513 - 17-192	20 Aug 80	Transco	Ari-Ad-40 Countermeasures Dispenser Long Gun, WDC-170 Tele-Counter M-44A1 Magnetic Mine Counter Model 8000 Photo Record Communi- cation System, M-33/M-34 NBC	Closed - Partial Completion - As Is	Pending		
Y-18774	22 Aug 80	Vare	Model 901 Night Observation Device	Closed - Walkaround by CMC	Completed	2 Oct 80	Completed
Y-18775	22 Aug 80	Vare	Model 902 Daylight Device	Closed - Walkaround by CMC	Completed	2 Oct 80	Completed
Y-18651	17 Oct 80	Oras Levent Corp	Oras Levent 25A	Closed - Min	Pending		
Y-19223	4 Dec 80	Oras Levent	M/PIC-104 or MC-191 SAS HS Radar	Closed - The Objective	Open	6 Feb 81	Completed
Y-19244	13 Dec 80	Oras Levent	Auto Surveyor System	Auto Surveyor System	Open		Pending
Y-19249	13 Feb 81	Oras Levent	Ground Dynamics	(1)	Open		Pending
Y-19250	13 Feb 81	Oras Levent	PC-11/14 Microcomputer System				

**ARMED FORCES OPTIMIZATION ON SALES AND EXPORT OF EQUIPMENT**

Date	Serial No.	Class	Client	Description	Contract/Initial Manufacturing Agreement	End Manufacturing Agreement	End Manufacturing Status
08-89-92	AF-4513	13 Mar 89	Computer Simulation, Inc.	AF-1 Computer Generated Visual System for Flight Simulation (Component for Multiple Pilots, Flight)	Closed - No Objection	14 Jul 89	Completed
08-89-93	AF-4579	20 Feb 89	American Electronic Lab	EE System (including Cavity based optical device)	Closed - No Objection	4 Jun 89	Completed
08-89-94	AF-4594	19 Feb 89	Emerson Electric	Pressure Transducers	Closed - No Objection	4 Jun 89	Completed
08-89-95	AF-4617	21 Feb 89	Teltron Systems Inc.	AF-121 Technical Description for AF-1A Helicopter	Closed - Withdrawn by AFM	14 Jul 89	Completed
08-89-96	AF-4721	21 Feb 89	Boring Corp.	CH-47 Chinook Helicopter	Closed - No Objection	16 May 89	Completed
08-89-97	AF-4722	19 Feb 89	Quintec Western Inc.	Small Cylindrical Auto Manufacturing	Closed - Objection	1 Mar 89	In Progress
08-89-98	AF-4723	19 Feb 89	Satcom, Inc.	Secure Communications Equipment for Satcom	Closed - No Objection	1 Mar 89	Completed
08-89-99	AF-4725	17 Mar 89	General Electric	Ground Based Radar	Closed - Withdrawn by AFM	1 Mar 89	Completed
08-89-100	AF-4726	17 Mar 89	AT&T Corp.	AF/PMC-91 & AF/GRC-301 Tele- morphic Camera System	Closed - No Objection	16 May 89	Completed
08-89-101	AF-4727	24 Mar 89	Westinghouse	TRG-43 Radiator	Closed - No Objection	3 Jun 89	Completed
08-89-102	AF-4728	5 Aug 89	Westinghouse	Automated Public Operation Control	Closed - Objection to Argument regarding AFM	8 Sep 89	In Progress

## APPROVING ORDER ON SALE AND EXPORT OF EQUIPMENT

Case No.	Date	Country	Description	Comments/Reasons Status/Disposition	Comments/ Reasons Status/Disposition
OC-44126	22 June 80	West Germany	AD/TP-6-8 Radar	Open	Approved 6 Jun 80
OC-44127	22 June 80	West Germany	AD/TP-6-8 Radar	Open	Approved 6 Jun 80
OC-44128	4 Aug 80	Poland	Mobile Tactical Reconnaissance Facility & Long Range Aerial Photographic System	Closed - No Objection	Approved 6 Sep 80
OC-44129	4 Aug 80	PMC Corp.	Mixed Cargo Carriers & Military Filter Security Vehicles	Closed - Withdrawn by DDCI	Disapproved 6 Jun 80
OC-44130	9 Aug 80	CITRON International, Inc.	M-911 Track Tractor	Closed - No Objection	Approved 2 Jun 80
OC-44131	16 Aug 80	Telodyne	Engines for Aircraft and Military Vehicles	Closed - Withdrawn by DDCI	Disapproved 6 Jun 80
OC-44132	16 Aug 80	LTV	Scout Launch Vehicle	Closed - Withdrawn by Application	SDA 9 May 80
OC-44133	23 Aug 80	LTV	LB-111 [for F-7 (116) and F-10 (Pantsa) Twin Engine Fighter Bomber] (Pantsa 2000) Helicopter	Closed - Withdrawn by DDCI	Disapproved 6 Jun 80
OC-44134	3 Jun 80	Sema Corp.	Sophie 2000 Helicopter	Closed - No Objection	SDA 9 Jun 80
OC-44135	4 Jun 80	Telodyne	Cessna Citation aircraft as Flying Electronics Laboratories	Closed - No Objection	Approved 10 Nov 80
OC-44136	13 Jun 80	Torbury Electric Corp.	1000 Silver-Slate Storage Batteries used on RIG aircraft	Closed - No Objection	Disapproved 6 Sep 80

## ARMED FORCES IN SOUTHEAST ASIA REPORT OF ACTIVITY

Date	Unit	Location	Category		Category
			Initial	Final	
08-4901	13 Jun 68	Born Laotian 100	Anti-aircraft systems, tanks and tire control system	Closed - Withdrawn by Unit	Closed - Withdrawn by Unit
DC-4904	4 Jul 68	Laos	Tank and airport of Air Force equipment	Closed - No Objective	Approved 22 Dec 68
DC-4912	4 Jul 68	Laos	C-110As	Closed - No Objective	Approved 31 Dec 68
DC-4914	4 Jul 68	Laos	AB-30 Aircraft Defense Radar	Closed - No Objective	Approved 26 Dec 68
DC-4916	24 Jul 68	Borneo	Y-127-200 Transport moderately their current inventory of tanks	Closed - No Objective	Approved 3 Aug 68
DC-4949	25 Jul 68	La-Cai-0	V-150 Armored Cars	Closed - Withdrawn by Unit	Approved 17 Aug 68
DC-4970	26 Jul 68	La-Cai-0	Distressline on Dime Projection systems	Closed - No Objective	Pending
DC-5019	7 Aug 68	Singer Co.	Tech Data on Spectroscopic Infrared Sensors/Phototronics	Closed - Objective	
DC-5424	17 Aug 68	Mobile phones	Data and report of Antisub Homing Reference Systems to explosive tactical fighter aircraft	Closed - Withdrawn by Unit	Approved 16 Sep 68
DC-5440	21 Aug 68	Lao Singar	Data and report of multiple Integrated Laser Doppler System (IRLDS), creating new potential	Closed - No Objective	Approved 4 Dec 68
DC-5669	21 Aug 68	Laos			

EXCLUSIONS ON THE USE DIRECT OR INDIRECT (Cont'd.)

<u>Exhibit No.</u>	<u>Description</u>	<u>Comments</u>	<u>Current/Initial Status</u>	<u>Comments</u>
EC-5045	27 Aug 80 LTV Corp	Vehicle Tools/Printer	Closed - No objection	Pending
EC-5181	9 Sep 80	Simulated React Launch Vehicle System, Jan 80	Closed - Pmt	None
EC-5187	7 Oct 80	Model TGS-116-2 Comm-e	Closed - Withdrawn	Disapproved
EC-5129	10 Oct 80 RCA	Target Instrumentation Radar System	Closed - Withdrawn by CMC	Disapproved Oct 80
EC-5182	10 Oct 80 Raytheon Co.	AIR/TC-101 Digital Telemetry Commercial System	Closed - Objection	Disapproved 17 Jun 81
EC-5186	8 Oct 80	Wetlogistics	Closed - Withdrawn by CMC	Disapproved Oct 80
EC-5213	17 Oct 80	Lidco Systems	Closed - Withdrawn by Date	Disapproved 4 Nov 80
EC-5223	18 Nov 80	Electroline Networks Inc	Closed - Pmt	None - 2 Nov 81
EC-5244	3 Dec 80 PMC Corp.	PMC Carriage	Closed - No objection	Pending
EC-5247	3 Dec 80 PMC Corp.	An arm of Infantry Fighting Vehicle	Closed - Withdrawn	None
EC-5248	3 Dec 80 PMC Corp.	M113A2 Armored Personnel Carrier	Closed - Withdrawn	None
EC-5403	15 Jun 81 Laser Biologics Inc	Target Beam Amplifiers	Closed - Withdrawn	Disapproved 7 May 81

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**PRC Dual-Use Export Cases Referred to DoD by Commerce**

**Department**

Unlike the procedures which govern Munitions Control, the request for a license under the Export Administration Regulations constitutes a request for authorization to ship the item, not to negotiate the sale. The exporter has already negotiated with the ultimate consignee and has a contract in hand. Except for the few cases wherein the applicant has requested an advisory opinion, there is an "order" already in hand which the export will fill.

Therefore while only some of the cases listed herein fall within the purview of the 4 September list, all but the first case listed are for items that an element or Ministry of the PRC has requested. Therefore the items in question are not "hunting" expeditions by U.S. industry.

It is also necessary to point out that Group 2 of the 4 September list relates to a line of Honeywell and Digital Equipment (DEC) computers plus a level of disc drives. The specific DEC computer listed is a militarized version of the very popular PDP 11/34. This system is not manufactured by DEC, but by the Hardin Division of United Technologies.

2

However the non-militarized version by DEC and computers of comparable or higher performance by other mainframe manufacturers were considered to be included or at least implied under Group I.

James J. Rower  
CAPT., USN  
Assistant Director  
for Technology Trade

PRC Dual-Use Export Cases Report  
Proprietary Items and Category from 1 Sept      to October 1980  
List and Cited in Sections 201 & 202 of Title 22 PRC  
Expt List.

OC Documents

ITEM NO.	COMPANY	COMMODITY	REMARKS	
			VALUE.	DATE
None	McDonnell Douglas	DC-9-80 licensed production basic policy involved, advice and guidance requested, (Joint cooperation in commercial transport aircraft production)		Approval in principle 31 Jan 80
Advisory opinion OC 6164				
N/A	387592 OC 6166	\$ 26,000 CTR Sylvania Demo of voice digitizer		Approval with proviso 17 Jan 80
N/A	299566 OC 6171	\$ 500,000 McDonnell Douglas Corp.	Specially designed parts and accessories for use in manufacture of aircraft	Approval 7 Feb 80
N/A. OC 6180	397820	\$ 6,517 Radiata Corp.	NYCAM Optical Heads	Approval - 6 Mar 80
Cart 1 OC 6138 Tel A	173421 173438 173441 OC 6139 Tel A	\$ 1,000,000 MISTER Corp. (price included in back-buy of finished IC)	Establishment of a facility to manufacture ICs	Approval with proviso 22 May 80

<u>ITEM NO.</u>	<u>COMPANY</u>	<u>VALUE</u>	<u>COMMODITY</u>	<u>REMARKS</u>
401637	Bell Helicopter	\$ 10,000,000	Components, accessories and TD for assembly of helicopters	Approval - 1 May 80
411261	Tech Data	\$ 10,000,000		
401638	Tech Data	\$ 20,000,000		
401631		\$ 20,000,000		
OC 6188				
NA 166263	E.I. DuPont DeMoures & Co.	Value net gross	Technology to manufacture Chromium Diaoxide Magnetic Tape	Dental - 10 Apr 80
OC 6184				
NA 400221	McDonnell Douglas Corp	\$ 100,000	CNC Units for Multi-Axes Machines, Actrion III	Approval - 2 Axes Denial - 3 Axes 10 Apr 80
NA 4105				
OC 6185				
172915	Georeport Inc.	\$ 1,501,752	20 Seismic Data Processing Systems with Array Processors and graphic display and plotting systems	No objection with provisional - 18 Apr 80 Still working our details with CDC with respect to irreversibility.
172917		\$ 415,856		
172920		\$ 7,271,971		
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<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
97446 C/ 6175	\$ 4,000,000	Allsouth Industrial Co.	IC Disc	Approved - 22 May 80
420368 C/ 6193	\$ 443,345	Cometronics Inc.	Computer System for Uranium Exploration	Approval with proviso, 7 August 1980
N/A 433847 C/ 6293	\$ 10,679.54 26,934.00	Westinghouse Electric Co.	4 Axis CNC Unit, transport from UK	PRC List - 7 August 1980
N/A 433847 C/ 6193	\$ 2,305,467	Burroughs Corp.	Burroughs 8680 Computer systems for UN-Sponsored Information processing and training center	Approved - 7 August 80

DOCUMENTS

<u>BTR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
411759 OC 6166	\$ 40,000	General Electric	4 Axes CMC Units, G.S. 1050 MC, temporary airport	<i>✓</i>
411917 OC 6169	\$ 480,497	Schlumberger Tech Corporation	Temporary export of a DTC/VAX 11/786	Awaiting clarity statements from client

*Temporary export of a DEC/VAX  
11/100.*

480,497 Schlueter Tech Corporation

10/10/87 OC 6197

Auditing client  
Statements from  
Djibouti

*for review*

case 201

class 8 n/a

Digicon Inc.

Advisory Opinion on proposed  
export of DEC VAX 11/780  
computer system for seismic  
processing

Deferred subject to  
segregations issue being  
developed for Western  
Geophysical - Art Bu

OC 6206 336165	\$12,723,111.2 and bring us a report and bring us a report	Western Geo- Physical Co. of America	IBM 3033 computer lot oil exploration	Responsible for Japan - VME graphic display with VME controller, and VME memory modules
OC 6211 336465	\$15,210.00	Digital Equipment Corp.		Responsible for Japan - VME graphic display with VME controller, and VME memory modules

CONTENTS

## OC DOCUMENTS

ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS
136463 OC 6212	\$ 15,210.00	DIGITAL Equipment Corp.	Report from Japan - VME graphic display with VME controller, request for advice and guidance	<i>Approved by [Signature]</i>
43716 OC 6212	\$2,371,992.00	SPERRY WORLD Trade	Loan of Univac 1100/11 computer system for "Joint Project" and maintenance training of PRC Personnel	<i>V. Approved</i>

## TECHNICAL DATA

<u>SFA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
$\mu A$ 396491	No stated cost value	United Technologies Corporation	Tech Data for manufacture of selected components of Pratt and Whitney or Canada PT6T-6 turbo shaft aeroengine	No objection as long as release is limited to PT6T-6 engine as requested - 6 Mar 80
$\mu A$ 407117	\$159,000.000	Aluminum Co. of America	Tech Data, construction, operation, installation, ameliora- tion 697 hot call design including ancillary facilities	No objection 25 Feb 80
$\mu A$ 408742	\$ 2,000,000	Union Oil Co. of California	Tech Data - Design, construction and operation of unicracking hydrocracking unit	No objection 3 Jan 80
$\mu A$ 413024	\$ 5,000,000 (Rate)	Axle Budget	Tech Data - Engineering design, construction, operation and maintenance of plant to hydrocrack heptahalene and produce phthalic anhydride from desulfurized naphthalene	No objection
$\mu A$ 413103	\$159,000.000	Aluminum Co. of America	Tech Data - Basalite and Leadstone mine and an alkaline refinery plant	No objection 11 Apr 80
$\mu A$ 413612	\$ 1,000,000	Union Carbide Corp	TD for purification of hydrogen using pressure swing absorption systems	No objection 18 March 80

<u>DTA NO</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
μ/4 420112	\$ 212,000	Allied Chemical Corp.	Tech Data - construction operation and maintenance of gas purification plant for removal of acid gases.	No objection 7 Apr 80
μ/4 420903	\$ 315,000 (approx)	McGraw-Ellison Co.	Tech Data - Manufacturing drawings, design, procedures, manuals, specs, training, production of industrial and commercial electrical power shunt capacitors	No objection 9 Apr 80
μ/4 421091	\$ not yet negotiated	Rohm & Haas Co.	Tech Data for production of acrylic emulsion polymers	No objection 19 Mar 80
μ/4 421180	\$ not yet negotiated	MABCO Construction and Mining Group	Tech Data - Construction of structural components of off-highway trucks in 120 and 170 tons capacity and final assembly	No objection 21 May 80
μ/4 420750	\$ 25.00 (Reproduction cost of drawing)	Sperry Corp.	Manufacturing drawings, specs, and test data relating to heavy machinery portion of Sperry Gyrofin Ship Stabilizer	No objection 29 April 80
μ/4 424314 424315 424316 424317 424318,19	\$ 6,000,000	Shell Development Company	Tech Data - geophysical data offshore including maps	No objection 7 Apr 80

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
PA 414745	\$ 50,000	Bentfield Corp.	Tech Data for removing carbon dioxide/hydrogen sulfide from synthesis gas	No objection - 21 Apr 80
PA 414904	\$ not applicable	Coca Cola Co.	Tech Data for construction of a facility to produce Coca Cola	No objection - 24 Jun 80
PA 415628	\$ 320,000 plus royalties	Rosemount Inc.	Tech Data for production of Model 1151 electronics pressure transmitters	No objection to release of basic tech data 14 Apr 80
PA 416780	\$ not stated	Singer Co.	Know-how technical info and tech data for assembly and manufacture of household sewing machines	No objection - 4 Mar 80
PA 416954	\$ not applicable	Allis Chalmers Corporation	Blueprints, mechanical drawings, and material specs for proposed package for tractor parts	No objection - 13 Mar 80
PA 418443	\$ 700,000	Davy McKee Corp.	Tech Data feasibility study for expansion of Chiao and Hsieu gold and silver mines, benefaction plants and recovery plants	No objection - 14 Feb 80
PA 418998	\$ 4,000,000	American Cyanamid Company	Tech Data - Titanium dioxide plant and waste treatment plant	No objection - 22 Apr 80
PA 417030	\$ 850,000	G.E.	Drawings, Specs, assembly, test	No objection - 10 Jun 80

6 training/manual. of TV reflection

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
418157	\$ 25	Sperry Corp	Specs and drawings related to a Sperry MK3 and Mod 1	No objection - 7 Jul 67
420944	\$ 3,000.000	C.E.	Drawings, Specs, assembly, test and training related to assembly of black and white TV receivers and chassis	No objection - 3 Jul 67
432476	\$ 100,000	Sperry Corp.	Drawings, Process sheets, specs, quality control and test procedures relating to production of a series of industrial hydraulic control valves	No objection - 17 Jul 67
4417950	\$ no exact value	Sperry Corp.	Request for quotation for manuf. of small vessel autopilot Sperry Model 8T	No objection - 10 Jul 67
440261	\$ no stated	Garrett Corp.	Request for quotation to manuf. parts in PRC on environmental control systems on Boeing 707, 727, 474, 767 model aircraft	No objection - 31 July 67
445275	\$ not applicable	Keron Corp.	Set of drawings for Keron Model 1300 copying machine	No objection - 11 Aug 67
506358	\$ n/a	Hughes Tool Co.	Drawings, specs to produce core type rock bits	No objection - 28 Aug 67

TECHNICAL DATA CASES				
<u>ITEM NO.</u>	<u>COMPANY</u>	<u>VALUE</u>	<u>COMMODITY</u>	<u>REMARKS</u>
432476	Sparry Corp.	\$ 100,000	Manufacturing drawings, process sheets, etc., industrial hydraulic control	No objection - 16 July 80
440528	WEAN United Inc.	\$ 5,108,000	TD to galvanizing line, coil painting line and roll forming line associated with cold rolling mill steel plant	Received 11 Aug 80 No objection - 8 September 80
501627	Hughes Tool Co.	\$72,500,000 plus royalties	Know-how, info, tech assistance and training production and use of oil field rock bits	Received, 30 July 80 Comparable to Direct case for USSR
500358	Hughes Tool Co.	\$ n/a Royalties to be paid	Drawings, specs to produce core type rock bits	Received 8/7/80 Closed by Dr. Carter

## MAILED MEMOS

BTB NO.	VALUE	COMPANY	COMMODITY	REMARKS	
				ITEM	QUANTITY
386922 W-1374	\$ 229,640	Danenbau-Gosho Inc. (USA)	Manufacturing equipment for ICs	Deny Kaiser Model 2101 Approve PMS 500 20 Jan 80	
404779 W-1374	\$ 4,565	Hewlett Packard	Scope and Probe	No objection - 10 Mar 80	
405911 W-1362	\$ 108,125 198,960	Laser Analytics Inc.	Laser source spectrometers	No objection from Technological standards committee for USSR should be reviewed after resolution of procedures 10 Mar 80	
406062 W-1362	\$ 15,000	10K Corp.	Scope	No objection - 7 Feb 80	
406364 W-1371	\$ 71,680	Keithley Instruments Inc.	Digital Multimeter	No objection - 14 Feb 80	
409790 W-1370	\$ 96,105 31,719	Geomatrix Inc.	Magnetometer	No objection - 17 Feb 80	
407104 (RBC) W-1362	\$ 41,200	Burleigh Instru.	Demo of RCL Laser	No objection - 13 Mar 80	
412497 W-1364					



<u>ITEM NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
424915 W-1406P	IBM World Trade Corp.	Report of IBM 370/138 Computer System	No objection with provisions - 13 Jun 60
433368 W-1400	Hewlett-Packard	Microwave TWT amplifiers	No objection - 19 May 60
393944 W-1402P	Digital Equipment Corp.	Report from Hong Kong - POP 11/34 computer system with RTO1 disc drive and UR17 graphic display	Approved POP 11/34 denied graphic display 10 Jun 30
420111 W-1405	EG&G Geometrics Division	Magnetometer Systems	Approved - 25 Jun 60
433559 W-1487	RCA	Photomultiplier Tubes	Approved - 21 May 60
NA 437929 W-1418	Hewlett-Packard	Cesium Beam Frequency Spectroradiometer System	Approved - 25 Jun 60
439280 W-1421	EG&G	Spectroradiometer System	Approved - 25 Jun 60
443488 W-1433	Fluke Int'l	Counter	Approved - 10 Jul 60
406380 W-1380P	Hewlett-Packard	Calculator with Frequency	Approved - 10 Jul 60
447136 W-1433	RCA	Photomultiplier	Approved - 16 Jul 60

The two RGA accept photomultiplier tubes  
and commercial versions of each polarization.  
It may be necessary to obtain an change in L/C  
since these relate to detector and an accept  
scally correct source. Message H.

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
4/1 353693 AM W-1113	\$ 68,000	General Electric	4 ea. EG 1030 PCL CNC units with parts and accessories	
4/1 420610 AM W-1392P	\$ 5,251,000	MTS Systems Corporation	Aircraft structural loading and Data Acquisition System	No objection 8 October 89
4/1 401131 AM W-1392P	\$ 331,298	Perkin Elmer Computer Systems Div.	Model 8/32 computer system with 300 Mbyte disc drives	
4/1 390677 AM W-1404P	\$ 27,763	Tektronix Inc.	Tektronix Graphic Terminal	
4/1 426906 AM W-1412	\$ 116,012	Hadron Inc.	Holographic Laser Systems	Planned
4/1 440964 AM W-1415P	\$ 15,680	Citation Computer Systems	Intel Microcomputer development system request for advice and guidance	Approved 2/2/90
4/1 414603 AM W-1416P	\$ 25,000	Acoustic Technology Corp.	Acoustic Emission Test System	Approved 2/2/90
4/1 415865 AM W-1424P	\$ 4,000	Cromenco International Inc.	Single card computer	
4/1 416959 AM W-1425P	\$ 45,000	General Telephone & Electronics (GTE)	Proposed demo of a GTO-120 PBX	No objection 1 August 89

<u>ITEM NO.</u>	<u>COMPANY</u>	<u>VALUE</u>	<u>COMMODITY</u>	<u>REMARKS</u>
442915 W-1429	\$ 36,000,000 Douglas Aircraft Corporation	Source tools (Master tools) used in production of the DC-9-30	No objection - 17 September 60	
364225 364226 364227 364228 364229 364232 W-1430	0 none Geophysical Services	Seismic Exploration	✓/cond. 17 September 60	
446051 W-1435	\$ 23,156 Fluke Int'l	Calibrator		
315942 W-1441P	\$ 10,000 IBM World Trade	Maintenance device for IBM disc storage	No objection - 18 September 60	
443860 W-1444	\$ 167,492 Apollo Laser, Inc.	Ruby Holographic Laser and Camera System	No objection - 18 September 60	
W-1449 446066	\$ 11,200 Infrared Assoc. Incorporated	Infrared detector	Additional info requested - 18 September 60	

*Not in current funds  
funds needed  
plus cost of equipment*

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
A 41612 412613 W-1447	\$ 18,410 112,375	BIF Sales Corporation	Infrared radiation detection equipment	No objection - 23 September 60
102611 SGT613 502134 502690 502700 W-1452	\$ 65,000 appror.	Analog Devices	Various converters, etc.	
A/A W-1457	\$ 158,750 7,900	Systems, Science and Software	E-Beam Laser Systems	No objection - 29 September 60
506128 W-1458	\$ 11,125	Varlett-Packard	Oscilloscope	

**BTR CASES**

BTR NO.	VALUE	COMPANY	COMMODITY	REMARKS
438961	\$ 12,919	Raytheon Company	Electron tubes, Machlett tubes, water, jacket, O-ring gaskets	No objection - 8 July 64
441600	\$ 16,969.99	Varian Corp.	Parts for Varian 620L-100 System	No objection - 16 July 64
445260	\$ 72,655	Electronic Associates, Inc.	RAI 2000 analog computer	No objection - 10 July 64
445261	\$ 21,463	Hewlett-Packard	Spectrum analyzer	No objection - 11 Aug 64
443961	\$ 210,000	Raston Corp.	Air Traffic control processing and display system, low noise amplifier	No objection - 11 Aug 64
NA 411164	\$ 1,125	II-VI Inc.	Tinc Selendia Optical mirrors	No objection - 15 Aug 64
NA 447133	\$ 2,017	National Semiconductor Corporation	LW4250	No objection - 25 July 64
447962	\$ 2,970	EG&G	550 radiometer system and accessories	No objection - 21 July 64
NA 500691	\$ 1,148,437	Amplex Int'l	Videotape recorders reproduces	No objection - 25 July 64
505711	\$ 129,300	Digital Equip-	1 PDP 11/34 computer system	No objection - 26 Aug 64

*Test equipment for 11/34, 11/34, 11/34, 11/34  
in either group 3 or 6*

REMARKS

Approved - 26 Apr 81

COMPANY

Hewlett-Packard

COMMODITY

Spectrum Analyzer

VALUE

\$4,677.00

STN NO.

505757

ENCL

encl

DATE

505757

BTM CASES	COMPANY	COMMODITY	REMARKS	
			VALUE	DATE
# 4415814	II-VI Inc.	11-VI Inc. edge grinder, silicon wafer grinder	\$ 381,715	No objection 24 September 1981
# 4415952	WZAM United Incorporated	DRC PDP 11/04 computers w/128K of core memory	\$ 36,000	No objection 8 September 1981
# 431343 AM.	Canberra Industries	Designed to include teletype, print head, Fortran programming language to Fortran IV	\$ 220,339.10	No objection 13 August 1981
# 503292	RCA	VTR 250 cassette video recorder	\$ 1,306	No objection 31 July 1981
# 504691	Kodak Co.	Film	\$ 1,950.00	No objection 8 September 1981
# 423553	Solartron	CPU, LSI, Floppy Disc, . . . decurler, diskettes	\$ 11,790.00	No objection 10 September 1981
# 441112	National Semiconductor Corporation	Translators	\$ 1,217.00	
# 4414290 AM.	Control Data Corporation	Spare parts for CDC Cyber 18-20 computer system	\$ 26,000.00	Defect to DDCI 8 September 1981

ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS
A 506153	\$ 2,387.00	Analog Devices Inc.	Converters	
A 507140	\$ 734.00	Kodak Co.	High Definition Serial file	Derry - 2 Oct 60

<u>STR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
505711	\$ 129,500	Digital Equipment Corp.	I PDP 11/34 computer system with associated spares, supplies, and software	No objection - 26 Aug 80
504701	\$ 3,856.87	Laser Precision Corporation	Energy ratiometer, probe	No objection - 27 Aug 80

P-11  
505711

A  
504701

COMPUTER ITEMS				REMARKS
ITEM NO.	VALUE	COMPANY	COMMODITY	
401050 CM 2188	\$ 4,213	Texas Instruments	Demo of portable terminal incorporating bubble memory device	Denial - 7 Jan 80
398070 170891 399019 (USSR) CM 22221	\$ 10,890 28,098 54,812	Morland Corp.	Morland Model 3001 processing digital oscilloscopes	No objection - 28 Jan 80
408937 CM 2257	\$ 245,810	Digital Equipment Corporation	DEC PDP 11/14 computer w/RK07 disc drives	No objection providing software is minimum required to support C-100 use - 14 Jan 80
405594 CM 2263	\$ 700,000	Grant Geophysical Corporation	Seismic data processing system with array transform processor	No objection - concurred with DOC - 21 Feb 80
406396 410648 CM 2304	\$ 54,000 20,000	Mohawk Data Sciences Corp.	2 KDS 21/50 multiple application processing systems	No objection - 10 Mar 80
411020 CM 2307	\$ 56,015	Hewlett-Packard	HP1000 Model 10 computer for use in a C-100 Planicomp stereoplottng system	No objection - 10 Mar 80
420216 CM 2321	\$ 54,000	IBM World Trade Corp.	Service (Customer) engineering education on IBM Series I Computer Systems (Tech Data)	No objection - 22 Feb 80

<u>BTM NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
420217 CM 2337	\$ 63,600 IBM World Trade Corp.	Customer Engineering Education on IBM 4331 Computer System (Tech Data)	No objection provided to understand this will not prejudice US position on hardware - 11 Apr 80
993655 CM 2333	\$ 77,570 Sackman Assoc.	Model 4047A disc drive, printer and accessories for use with PRC computer	No objection provided tech data is limited to standard operation and maintenance info 22 Apr 80
419921 CM 2345	\$ 11,600,000 Aluminum Co. of America	3 DEC PDP 11/34 computer systems	No objection - 22 Apr 80
421514 CM 2357	\$ 13,318 Colorado Video Inc.	Digital image processing equipment	No objection - 5 Jun 80
437320 CM 2359	\$ 110,762 Burroughs Corp.	Burroughs B92 Computer Systems	No objection - 14 May 80
366452 366457 CM 2361	\$ 45,600 MANC Labs \$ 15,000 \$ 45,000	Enhancement of computer systems with WANG 2265V disk drives	No objection - 25 Jun 80
429921 CM 2368	\$ 379,500 ASKA AB Sweden	Report from Sweden - 3 ModComp, computer systems for use in Electric Power Distribution	No objection - 1 Jul 80

<u>ITEM</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
113255 CM 2353	\$ 465,544	MAPC Labs	Demo of MAPC Computer Equipment	No objection - 14 May 80
102987 CM 2359	\$ 123,739	Electronic Associates Inc.	EAI 2000 Analog/Hybrid Computer System	No objection - 3 July 80
109962 CM 2440	\$ 99,303	Perkin-Elmer	Enhancement of DJS-104 computer (PRC Origin) with tape units	No objection - 29 April 80

COMPUTER MEMOS			
<u>DTA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>
<u>REMARKS</u>			
380139 (PRC)	\$ 132,640	Dunegan Endeavor	Computerized Source Location
390748 (PRC)	\$ 132,620		System (Acoustic Emission)
420467 (PRC)	\$ 262,740		Monitoring Systems
417304 (Hungary) CM 2341			
419601 CM 2367	\$ 1,363,813	IBM World Trade	One IBM 4331 and 2 16M Series computers
430289 CM 2390	\$ 10,300	Chow Yang Co. El Cerrito, CA	Microcomputer parts and accessories
434442 CM 2391	\$ 3,000,000	Heath Company Int'l Division	2000 sets of MP89 digital computer w/HP 09/H-0-21 disk drive operating systems with microsoft basic
501007 CM 2393	\$ 106,400	Sachman Assoc.	Parts and components for Model 4/X. Computer used in testing construction material
993909 CM 2414	\$ 1,100,000	Canadian Tabasay	Report from Canada - Computer Systems for Processing Geological data
437394 CM 2341	\$ 260,000	Digital Equipment Corp.	Export of PDP 11/34 computer

<u>BIR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
DA 4079 CM 2435	\$ 7,368	Argonne Lab.	Computer and related equipment for Institute for High Energy Physics	No objection - 12 September 80
DA 41795 CM 2421	\$ 70,585	Kennedy Co.	Model 9J00 tape drives, 9218 formatters to enhance Command III A computer systems	No objection - with conditions - 18 August 80
DA 434677 CM 2465	\$ 105,591	Texas Instruments	Computer Systems	No objection - 23 September 80
DA 435440 CM 2448	\$ 162,050	Wang Labs	Wang Computer with High EBTR	Concur with Commerce 23 September 80
DA 440082 CM 2460	\$ 85,000	Digital Equip- ment Corp.	PDP 11/04 systems with RLLII RL01 disc controller drive	No objection - with conditions - 8 October 80
DA 442614 CM 2464	\$ 100,000	Digital Equip- ment Corp.	PDP 11/14 16 bit CPU with with 2.1 Mbit semiconductor memory	
DA 445616 CM 2446	\$ 160,000	Systems Tech. Int'l Inc.	DEC PDP 11/14 CPU with RL02 and CAMAC Interface	
DA 501986 CM 2417	\$ 149,230	ICA	2 NOVA 4/z Computer systems	No objection - 23 September 80

BTR NO.	VALUE	COMPANY	COMMODITY	REMARKS
501733 CM 2441	\$ 9,480	Taching Import		Proposed denial of IL 1529 equipment
503796 CM 2462	\$ 276,105.00	Burroughs Corp.	Demo of Burroughs Computer System	
505371 CM 2641	\$ 11,153.79	Geopace Corp.	Spare parts for A GS C 1704 seismic digital computer processor	

EQUIPMENT THE FCC HAS EXPRESSED INTEREST IN -  
NO NOTIFICATIONS LICENSE APPLICATIONS SUBMITTED  
(as of 24 Feb 1981)

<u>EQUIPMENT</u>	<u>SUPPLY COMPANY</u>
COMDEC Gear	Technical Communications Corp.
OTR Radar	General Electric
Domestic Communications Satellite	Hughes Aircraft
Night Viewing Devices (all types)	Venus, Vato, ITT, et al
TPS-59 Radar	General Electric
Aircraft Engines and Accessories	Pratt-Whitney & GE
Inertial Navigation System (LTM-51)	Littton



RESEARCH AND  
ENGINEERING

~~SECRET~~  
OFFICE OF THE UNDER SECRETARY OF DEFENSE

WASHINGTON D.C. 20330

6 March 1981

MEMORANDUM FOR ACTING DEPUTY UNDER SECRETARY (INTERNATIONAL PROGRAMS AND TECHNOLOGY)  
DEPUTY ASSISTANT SECRETARY (EAST ASIA & PACIFIC AFFAIRS),  
INTERNATIONAL SECURITY AFFAIRS  
OFFICE OF GENERAL COUNSEL (INTELLIGENCE, INT'L & INVESTIGATIVE  
PROGRAMS)  
DEFENSE INTELLIGENCE AGENCY (ASS'T VICE DIRECTOR FOR SCIENTIFIC  
& TECH INTELLIGENCE)  
DIRECTOR FOR FAR/MIDDLE EAST'S HEMISPHERE AFFAIRS (DOSD/IPAT)  
ORGANIZATION JOINT CHIEFS OF STAFF (JS - FAR EAST/SOUTH ASIA DIV)  
DEPARTMENT OF THE NAVY (OP-62)  
DEPARTMENT OF THE AIR FORCE (CVAIP)  
EXECUTIVE OFFICER, OUSDRE

SUBJECT: PRC MIG-21 Engine Overhaul-Coating Request (S)

(S) On 2 March 1981 (13:25-15:31) I received a phone call from Mr. Lennox E. Black, President of Teleflex, Inc. (parent company of Sermelloy, Inc.). Mr. Black stated that the Chinese (PRC) had told him that the Chromalloy American Corporation had recently received approval from the USG to coat three Chinese MIG-21 aircraft engines with their special ceramic-metallic oxide coatings, and that once coated, the engines were to be returned to the PRC for Chinese test and evaluation.

(S) Mr. Black further indicated that the Chinese would like for his company to likewise coat seven other MIG-21 engines using the Chromalloy-J process. Sermelloy would, like Chromalloy, also return the engines back to China for their test and evaluation. He asked if the Chinese statement was true; and if so, would his company receive the same treatment? I remarked that I would look into the situation and that all companies would be treated the same.

(S) LtC B. K. Meier, Director, Munitions Control Staff of my Office, reviewed all DoD cases for the PRC and also contacted the Office of Munitions Control (OMC) at State to see if they had either received or approved any such license for the PRC. Neither OUSDRE nor OMC files revealed any such license application or resultant approval. Mr. Wm. Robinson, Director of OMC, did indicate to LtC Meier; however, that he had heard there might be such an application forthcoming shortly. Under the present guidelines as noted in Newsletter 81 and subsequent interpretations thereof, license applications of this type cannot be approved. Mr. Robinson further stated that he would either disapprove or return without action (RWA) all such applications.

(S) At my request, Mr. Robinson indicated he would not disapprove or RWA such license applications until we had the opportunity to discuss them in detail. He was also asked to immediately inform me and his superiors whenever the Chinese, Chromalloy or Sermelloy/Teleflex do submit applications for this purpose.

CLASSIFIED BY: DOSD(IPAT)  
DECLASSIFIED ON: 6 Mar 1987

~~SECRET~~  
~~SECRET~~

DECLASSIFIED BY AUTHORITY OF  
OSD

21 MAY 98 93-F-2441  
DATE

~~SECRET~~

(C) The primary rationale for requesting OIC/State to delay immediate adverse action on these licenses is because of the potential opportunities they provide the new administration. If approved, they would allow the U.S. to cautiously move into a moderate but closer defense relationship with the Chinese; and it would provide the type of technical assistance they have repeatedly emphasized they need with respect to their interceptor aircraft.

(U) Approval in this instance is obviously a major policy decision, and not simply an operational or technical one, even though the number of engines involved is small and the objective is simply to coat the engines, not transfer the technology. For your information, U.S. companies have set up similar coating facilities in both Western European and East Asian (e.g., Japan and Malaysia) countries, and could be approached by the Chinese to perform the same service.

(C) There are, of course, other potential benefits to the U.S., not the least of which would be the excellent opportunity to exploit the Chinese engines for technical intelligence purposes. If considered appropriate, arrangements could probably be made for the U.S. to assist the Chinese in a joint test and evaluation program. This would be extremely helpful to us if proper test controls and conditions were followed and we had access to all of the test results.

(C) An advantage to approving this type of license application is the fact that only the result (or product) of U.S. technology would be exported. Neither the production know-how nor a process-line type of capability would be exported. Of itself, it potentially opens up for consideration other U.S. services which might be made available to help the Chinese improve their overall tactical posture. At the same time, however, this approach would have the PRC dependent upon the U.S. for future services, unless of course, later USC decisions permitted the technology and process equipment to be exported. Providing only services has other advantages as well. It is, for example, much less dramatic and provocative vis-a-vis the USSR, and is consonant with the step-by-step approach to improving US-PRC relations agreed to during earlier meetings with the Chinese. It would most likely require consultations with our COCOM allies, however, as well as a revision of existing guidelines.

(C) The potential disadvantages of approval are those associated with any closer defense relationship with the Chinese. In addition, the Chinese could convey the results of their tests and evaluations to the USSR. The net benefits to China of their doing so are less obvious, however.

(U) This does appear to be one of the more unique opportunities available to move towards a closer US-PRC relationship. It would also start things moving again vis-a-vis the PRC. It appears to have very limited risks for our own security, and does have other side benefits. It must be a conscious move on our part, however, and should be taken only after the relative risks and benefits have been evaluated by OSD, OJCS and the Services.

(U) Your comments and guidance on what action to take regarding the above-mentioned cases are requested.

*Francis B. Kappas*  
Francis B. Kappas, Director  
Military Technology Planning

~~SECRET~~



THE UNDER SECRETARY OF DEFENSE

WASHINGTON D.C. 20301

RESEARCH AND  
ENGINEERING

24 FEB 1981

MEMORANDUM FOR THE SPECIAL ASSISTANT TO THE SECRETARY AND DEPUTY SECRETARY  
OF DEFENSE

SUBJECT: Status Report on PRC Munitions and Commodity Export Cases

As requested, please find attached the following items by tab:

TAB A - PRC munitions cases referred to DoD from 1 January 1980 to  
~~20 January 1981~~ by the Department of State  
~~3 March~~

TAB B - PRC Commodity Control export cases referred to DoD by the Department  
of Commerce from 1 January to 9 October 1980

TAB C - Military equipment the PRC has expressed strong interest in but for  
which no munitions license applications have been submitted

The updated munitions list (Tab A) should <sup>not</sup> be considered a draft as the  
Department of State is still in the process of verifying the status of each  
case and adding new cases to the list which have come in since 21 January 1981.  
As of 20 January, a total of 102 munitions cases have been referred to DoD by  
State, and we estimate that approximately 20 additional munitions license  
applications have been received since President Reagan's inauguration. All  
of these applications will be shown in our 1 March update. Due to an extremely  
heavy case load, the Office of Technology Trade has been unable to update the  
list of dual-use items covered by the Commodity Control List (CCL). Unless  
directed otherwise, we will ask that a complete list of PRC requests for items  
on the CCL be sent to the CIA by the Office of Export Administration (OEA) of  
the Department of Commerce.

It should be realized that without holding detailed discussions with all of  
the U.S. industry representatives doing business with the PRC, there is no  
realistic way of knowing precisely everything the Chinese may wish to export  
from the U.S. Rather than risk outright disapproval by the U.S. Government,  
the Chinese typically try to get U.S. companies to seek an advisory opinion  
from the U.S. Government as to whether or not a particular request will be  
approved prior to making formal application. For your information, of the  
102 munitions cases received from State, nine are still open (i.e., pending)  
and 93 have been closed. Of the 93 closed, 50 were approved, four were dis-  
approved, 31 were withdrawn and eight were Returned Without Action (RWA).  
Almost all of the 39 cases either withdrawn or RWA would have been disapproved  
by DoD. The export of the SCOUT Space Launch Vehicle was one such RWA case  
we would have strongly disapproved of because of its strategic potential as  
a Chinese ICBM.

The Chinese have expressed very keen interest in a number of military items which are either expressly prohibited by current U.S. policy or are not in the categories of equipment permitted for export by Munitions Newsletter #81. The major examples include their specific requests for anti-tank weapons, over the horizon (OTH) radar and for U.S. assistance in improving their F-8 interceptor aircraft, including fire control and inertial navigation systems, ECM gear, etc. We have also informally learned of a number of PRC inquiries for munitions items which neither the Chinese nor U.S. industry have officially requested permission to export. Examples of these are noted at Tab C.

By way of additional background, Dr. Frank Kapper, Director, Military Technology Sharing, OUSDRE did, with Dr. Dinneen's approval, meet with Mr. Charles Neuhauser, Assistant National Intelligence Officer (NIO) for East Asia (now Acting NIO) on 1 July 1980. The purpose of his meeting was to both give and receive information which would be helpful to the CIA on the one hand and to the USDRE during his September visit to China.

Mr. Neuhauser was provided copies of all MFR's which documented the meetings with Mr. Liu Huaqing and Vice Premier Geng Biao. In addition, the CIA was provided the then most recent copies of the list of munitions and dual-use export cases that had been referred to DoD by the Departments of State and Commerce. Mr. Neuhauser was also given copies of all PRC wish lists including the ones given to Dr. Dinneen by Mr. Liu on 6 May 1980. Also provided was a copy of the 3 June 1980 "Summary of United States Department of Defense Positions on PRC Requests for Military Support Equipment". This is the s-b-c category list which identifies items we would consider for export (a); items we felt we needed more information on (b) and items we said we would not consider for export (c). Mr. Neuhauser stated he had accompanied Secretary Brown on his January 1980 trip to China and had also been designated as the CIA focal point for all activities relating to China. A copy of Dr. Perry's trip report on his visit to China was also provided to the CIA.

In short, the CIA in the person of Mr. Neuhauser has already been provided extensive background information on what our earlier discussions with the Chinese were and also on those items which the PRC had expressed specific interest in. CIA also has representation on both the Technical Advisory Committees (TACs) and on the Operating Committee (OC). More specifically, Mr. George Sember of CIA is a non-voting member of the interagency Operating Committee, which is chaired by the Department of Commerce. Mr. Sember serves as the interface for both State and CIA on export license requests for all proscribed countries. As a result of a recent CIA-Commerce agreement, he also has access to any information required by his Agency.

USD  
F. Kapper

  
Walter B. LaBerge  
Acting